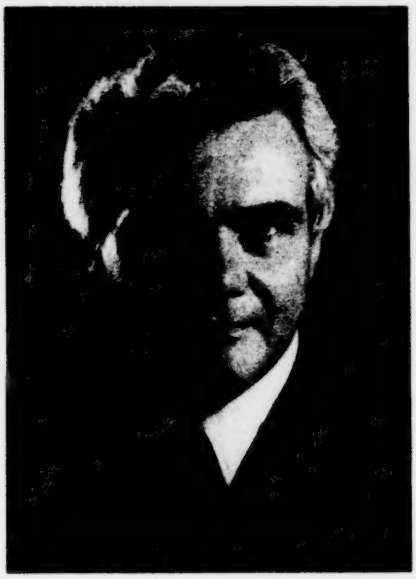

This financial report presents an abridged statement of the Public Accounts of the Province of Nova Scotia for the fiscal year ended March 31, 1982. The complete Public Accounts will be presented to the Legislative Assembly at its next session.

Hon. Joel R. Matheson, Q.C.
Minister of Finance

Abridged Financial Report 1982

Nova Scotia

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Auditors' Report

Auditors' Report

The Honourable Joel R. Matheson, Q.C.
Minister of Finance
Province of Nova Scotia
Halifax, Nova Scotia

Sir:

We have examined the statement of assets and liabilities of the Province of Nova Scotia as at March 31, 1982 and the statements of consolidated fund transactions and of current revenue and expenditure for the year then ended together with notes (numbered 1 to 10 inclusive) to the financial statements and the supporting statements (pages 8 to 19 inclusive), being the abridged financial statements of the Province of Nova Scotia. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

We issued a report, dated September 30, 1982, on our examination of the statement of assets and liabilities of the Province of Nova Scotia as at March 31, 1982, the statements of consolidated fund transactions and of current revenue and expenditure for the year then ended together with notes (numbered 1 to 10 inclusive) to the financial statements and the supporting statements (numbered 4 to 16 inclusive). These abridged financial statements are derived from those financial statements which are included in the Public Accounts of the Province of Nova Scotia.

In our opinion, these abridged financial statements present fairly the financial position of the Province of Nova Scotia as at March 31, 1982 and the results of its consolidated fund transactions and of its operations for the year then ended in accordance with the accounting policies stated in the notes to the financial statements on a basis consistent with that of the preceding year.

Touche Ross & Co.
Chartered Accountants

Montreal, Quebec
September 30, 1982

Assets and Liabilities as at March 31, 1982

ASSETS
(in thousands of dollars)

	1982	1981
Current Assets:		
Cash and short-term investments	$ 10,870	$ 37,138
Accounts receivable	172,395	129,535
Inventories	32,752	28,148
Advances	2,520	2,049
	218,537	196,870
Capital Assets:		
Advances (Notes 4 and 5)	861,218	850,846
Investments (Note 4)	13,396	19,815
	874,614	870,661
Net Direct Debt	1,356,490	987,257
	$2,449,641	$2,054,788
Accumulated Capital Expenditures	$1,739,479	$1,488,991
Less: Surplus	71,529	250,975
Sinking Fund Reserves	214,652	188,018
Machinery Replacement Reserve — Department of Transportation	23,696	21,438
	309,877	460,431
	1,429,602	1,028,560
Unamortized discount on debentures	20,301	14,910
	$1,449,903	$1,043,470
Trust Fund Assets	$ 779,581	$ 661,386

LIABILITIES
(in thousands of dollars)

		1982	1981
Current Liabilities:			
Bank advances		$ 56,032	$ 15,338
Accounts payable		175,598	195,363
Accrued interest		81,386	56,594
		313,016	267,295
Capital Liabilities:			
Debentures (Note 6)		2,470,839	2,024,526
Less: Specific Sinking Funds (Note 6)	$478,926		
General Sinking Funds	10,423	489,349	447,103
		1,981,490	1,577,423
Government of Canada loans (Note 7)	55,910		
Less: Specific Sinking Funds	3,008	52,902	55,937
Other indebtedness		896	1,696
		2,035,288	1,635,056
Deficiency in net assets of Sydney Steel Corporation (Note 5)		101,337	152,437
		$2,449,641	$2,054,788
Net Direct Debt		$1,356,490	$ 987,257
Health Services Reserve Account		1,052	5,585
Special Reserve Account		508	533
Funds created from Special Reserve Account		10,244	21,719
Exchange premium on debentures payable in foreign currencies (Note 1(D))		81,609	28,376
		$1,449,903	$1,043,470
Trust Funds		$ 779,581	$ 661,386

Sydney Steel Corporation (Note 5)
Contingent Liabilities (Note 8)

Consolidated Fund Transactions

for the fiscal year ended March 31, 1982

(in thousands of dollars)

Budgetary Transactions	1982	1981
Current Account		
Excess of Current Operating Expenditure over Revenue and Recoveries	$180,309	$ 19,488
Sinking Fund Instalments and Serial Retirements	34,274	32 181
Net Revenue Deficit	214,583	51,669
Capital Account		
Net Capital Expenditures	249,581	160,837
Advance under the Appropriations Act	60	47
Net Budgetary Transactions	464,224	212,553
Non-Budgetary Transactions		
Capital Expenditures for which no vote is required	3,244	10,159
Net Increase in Advances and Investments	75,611	108,510
Expenditures from Reserve Accounts	16,229	12,193
Earnings on sinking funds pertaining to borrowings for Nova Scotia Power Corporation credited to their Advances	1,536	1,245
Debt Retirement not chargeable to Current Revenue	11,172	11,762
Non-Budgetary Transactions	107,792	143,869
Total Budgetary and Non-Budgetary Transactions	572,016	356,422
Less: Non-Fund Requiring Transactions	3,918	3,239
	$568,098	$353,183
Funds Provided By:		
Proceeds of Debentures Issued	$541,707	$320,770
Capital Borrowings other than Debentures	—	183
Sales and disposals of Capital Assets	2,337	10,036
Increase in Net Current Liabilities	24,054	22,194
	$568,098	$353,183

Revenue and Expenditure

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Revenue and Recoveries		
Provincial Sources		
Income Taxes	$ 411,342	$ 353,070
Sales Taxes	339,826	329,564
Interest Revenue	63,475	63,259
Liquor Commission	65,144	60,352
Transportation and Registry of Motor Vehicles	27,830	27,667
Other Provincial Revenue	45,897	46,090
Federal Sources		
Equalization	525,610	449,088
Established Programs Financing	248,479	232,867
Shared Cost Programs	126,897	133,927
Other Federal Payments	2,266	2,838
Other Recoveries	33,757	20,267
	1,890,523	1,718,989
Expenditure		
General Government	68,630	56,962
Public Protection	57,931	45,836
Transport and Communication	103,489	87,418
Resource Development	198,819	186,352
Health	538,809	442,735
Social Welfare	200,051	166,202
Education	548,542	443,537
Culture and Recreation	20,948	17,394
Services to the Public Debt	242,181	183,781
Municipal Affairs	138,313	139,336
	2,117,713	1,769,553
Excess of Current Operating Expenditure over Revenue and Recoveries before prior years' adjustments	227,190	50,564
Prior years' adjustments — Federal/Provincial Fiscal Arrangements	46,881	31,076
Excess of Current Operating Expenditure over Revenue and Recoveries	180,309	19,488
Sinking Fund Instalments and Serial Retirements	34,274	32,181
Net Revenue Deficit	$ 214,583	$ 51,669

Capital Expenditures

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Capital Expenditures		
General Government	$ 3,635	$ 4,829
Public Protection	2,780	3,820
Transport and Communication	141,205	110,989
Resource Development (1)	108,937	43,532
Health (2)	23,645	14,868
Social Welfare	116	885
Education	7,426	2,222
Culture and Recreation	7,508	2,741
	295,252	183,886
Less:		
Recoveries	42,427	12,891
Net Capital Expenditures	252,825	170,995
Sales and disposals of Crown Assets	2,337	10,036
	250,488	160,959
Accumulated Capital Expenditures		
Balance — beginning of year	1,488,991	1,328,032
Balance — end of year	$1,739,479	$1,488,991

Notes:

(1) Includes capital grants to Sydney Steel Corporation of $47,428,723 for debt retirement and $2,300,818 for capital construction (Note 5).

(2) Includes grants of $10,975,095 (1981-$3,330,821) for construction of hospitals in which title is not vested with the Province (Note 1(c)) of which $2,173,398 (1981-$1,648,834) was recovered from the Federal Government.

Health Services Reserve Account

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Balance — beginning of year	$ 5,585	$ 5,601
Deduct:		
Payments to hospitals for the operation of health programs	4,500	—
Grants to hospitals	16	16
Reserves for advances to hospitals	17	—
	4,533	16
Balance — end of year	$ 1,052	$ 5,585
Represented by:		
Advances and expenditures authorized but not made	$ 516	$ 549
Unappropriated balance — end of year	536	5,036
	$ 1,052	$ 5,585

Special Reserve Account

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Balance — beginning of year	$533	$13,523
Add:		
Transfer of Balance — Net Revenue Surplus of previous year	—	494
Transfer from —		
Industrial Expansion Fund	—	846
Industrial Loan Fund	—	1,190
Municipal Loan Fund	—	2,935
Municipal Assistance Fund	—	668
Land Acquisition Fund	—	6
Universities Assistance Fund	—	1,000
Nova Scotia Co-operative Abattoir Share Purchase Fund	—	31
	—	7,170
	533	20,693
Deduct:		
Transfer to —		
Supplementary Old Age Assistance Fund	—	8,660
The Clairtone Fund	25	—
Electrical Rate Stabilization Fund	—	11,500
	25	20,160
Balance — end of year	$508	$ 533

Funds Created from Special Reserve Account

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Balance — beginning of year	$21,719	$20,611
Add:		
Transfer from Special Reserve Account —		
The Clairtone Fund	25	—
Supplementary Old Age Assistance Fund	—	8,660
Electrical Rate Stabilization Fund	—	11,500
	25	20,160
Decrease (increase) in provision for doubtful accounts —		
Industrial Loan Fund	13	—
Industrial Expansion Fund	200	(200)
	213	(200)
Transfer (from) to		
Industrial Expansion Fund	—	1,910
Industrial Loan Fund	—	(1,910)
	—	—
	21,957	40,571
Deduct:		
Transfer to Special Reserve Account —		
Industrial Loan Fund	—	1,190
Industrial Expansion Fund	—	846
Municipal Loan Fund	—	2,935
Universities Assistance Fund	—	1,000
Municipal Assistance Fund	—	668
Land Acquisition Fund	—	6
Nova Scotia Co-operative Abattoir Share Purchase Fund	—	31
	—	6,676
Expenditures —		
Electrical Rate Stabilization Fund	11,500	—
Industrial Expansion Fund	—	2,270
Universities Assistance Fund	—	723
The Clairtone Fund	302	25
Supplementary Old Age Assistance Fund	(89)(A)	9,158(A)
	11,713	12,176
Balance — end of year	$10,244	$21,719
Represented by:		
Outstanding advances less reserves	$ 5,082	$ 6,254
Advances and expenditures authorized but not made	—	278
Unappropriated balance of Funds — end of year	5,162	15,187
	$10,244	$21,719

(A) Net of funds recovered from Government of Canada

Direct Debt and Net Direct Debt

as at March 31, 1982

(in thousands of dollars)

	1982	1981
Direct Debt:		
Debentures	$2,470,839	$2,024,526
Government of Canada loans and other indebtedness	56,806	60,453
Current Liabilities	313,016	267,295
Total Direct Debt	2,840,661	2,352,274
The following items are considered by the Province to be properly deductible from Total Direct Debt in arriving at a figure of Net Direct Debt		
Sinking Funds	492,357	449,923
Advances (net of reserves for uncollectible amounts)	861,218	850,846
Investments	13,396	19,815
Current Assets	218,537	196,870
	1,585,508	1,517,454
Deficiency in net assets of Sydney Steel Corporation	(101,337)	(152,437)
Total Deductions from Total Direct Debt	1,484,171	1,365,017
Net Direct Debt	$1,356,490	$ 987,257
Increase in Net Direct Debt for the year	$ 369,233	$ 209,774

Changes in Net Direct Debt

during the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Net Direct Debt — beginning of year	$ 987,257	$777,483
Add:		
Excess of Current Operating Expenditure over Revenue and Recoveries	180,309	19,488
Less: Non-Fund Requiring Charges —		
Amortization of discount on debentures	1,659	1,318
Increase in Machinery Replacement Reserve	2,259	1,921
	176,391	16,249
Capital Expenditures	252,825	170,995
Less: Sales and disposals of Crown Assets	2,337	10,036
	250,488	160,959
Expenditures from Reserve Accounts —		
Health Services Reserve Account	11,713	16
Funds Created from Special Reserve Account	4,516	12,177
	16,229	12,193
Increase (decrease) in deficiency of net assets of Sydney Steel Corporation for the fiscal year	(51,100)	48,920
Foreign exchange charges on sinking fund instalments and serial retirements	4,930	5,546
Discount on debentures issued	7,050	4,285
Increase (decrease) in provision for doubtful advances —		
General Funds — Advances	19,582	8,148
— Investments	52,332	—
Special Reserve Funds	(213)	200
Health Services Reserve Account	17	—
	71,718	8,348
Total Additions to Net Direct Debt	475,706	256,500
Deduct:		
Foreign exchange credits on U.S. borrowings	58,163	7,488
Income from sinking funds	48,310	39,238
Total deductions from Net Direct Debt	106,473	46,726
Increase in Net Direct Debt for the year	369,233	209,774
Net Direct Debt — end of year	$1,356,490	$987,257

Advances and Investments

as at March 31, 1982

(in thousands of dollars)

	1982	1981
Advances:		
Housing —		
Housing Development Act (net of Canada Mortgage and Housing Corporation and other borrowings of $86,882,972 in 1982 and $90,122,628 in 1981)	$111,365	$ 75,224
Resource and Industrial Development —		
Agriculture and Rural Credit Act	110,788	92,542
Fisheries Development Act	99,351	88,442
Industrial Loan Act	32,925	30,754
Industrial Development Act	70,796	73,157
Industrial Estates Limited Act	123,975	132,051
Nova Scotia Power Corporation	55,176	58,172
Deuterium of Canada Act	110,927	110,927
Sydney Steel Corporation Act	—	52,332
Small Business Development Corporation Act	7,919	—
Venture Corporations Act	607	—
Miscellaneous	7,214	7,010
Other —		
Loans to Municipalities	53,003	55,709
Universities Assistance Act	77,172	74,526
	861,218	850,846
Investments:		
Investments transferred to the Province from the Nova Scotia Power Corporation to repay the Corporation's indebtedness	1,049	1,049
Other Investments in Provincial Agencies and other entities	12,347	18,766
	13,396	19,815
	$874,614	$870,661

Additional Advances, Investments and Repayments

during the fiscal year ended March 31, 1982

Advances during year		(in thousands of dollars)	Repayments	
1982	1981		1982	1981
		Housing —		
$ 57,295	$ 38,400	Housing Development Act	$20,303	$18,162
		Resource and Industrial Development —		
27,498	24,839	Agriculture and Rural Credit Act	9,069	8,038
28,854	48,329	Fisheries Development Act	13,844	14,807
8,376	9,676	Industrial Loan Act	3,973	3,478
13,320	30,221	Industrial Development Act	4,022	4,772
8,913	17,140	Industrial Estates Limited Act	14.410	14,272
—	—	Nova Scotia Power Corporation	2,995	6,887
8,843	—	Small Business Development Act	321	—
607	—	Venture Corporations Act	—	—
529	3,761	Miscellaneous	9,109	267
		Other —		
1,062	3,678	Loans to Municipalities	3,981	3,374
3,610	6,570	Universities Assistance Act	963	—
18	—	Health Services Tax Act	—	—
$158,925	$182,614		$82,990	$74,057

Surplus Account

for the fiscal year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Balance — beginning of year	$250,975	$314,873
Add:		
Sinking Fund Reserves pertaining to debentures which matured during the fiscal year	21,677	13,152
	272,652	328,025
Deduct:		
Excess of Current Operating Expenditure over Revenue and Recoveries	180,309	19,488
Increase in provision for doubtful Advances and Investments	71,914	8,148
Increase (decrease) in deficiency of net assets of Sydney Steel Corporation	(51,100)	48,920
Transfer to Special Reserve Account	—	494
	201,123	77,050
Balance — end of year	$ 71,529	$250,975

Debentures

outstanding as at March 31, 1982

(in thousands of dollars)

Date of Issue	Series	Term	Rate Per Cent	Date of Maturity	Amount
Payable in Canadian Currency					
Canada Pension Plan Investment Fund (Note A)					
Feb. 1, 1967	CP02	20	5.46%	Feb. 1, 1987	$ 20,311
April 1, 1968	CP03	20	5.72	Feb. 1, 1988	24,639
June 1, 1969	CP04	20	6.66	Feb. 3, 1989	29,179
May 1, 1970	CP06	20	7.51	Feb. 2, 1990	30,965
March 3, 1970	T53	20	8.29	March 3, 1990	3,601
July 2, 1971	CP07	20	7.79	March 1, 1991	34,041
May 1, 1972	CP08	20	7.08	March 1, 1992	35,715
Aug. 1, 1973	CP11	20	7.36	March 1, 1993	38,567
Aug. 1, 1974	CP13	20	7.53	March 1, 1994	43,767
Aug. 1, 1975	CP14	20	8.55	March 10, 1995	50,910
Oct. 1, 1976	CP15	20	8.94	March 2, 1996	57,325
Nov. 1, 1977	CP16	20	9.00	March 3, 1997	59,709
Nov. 1, 1978	CP18	20	9.08	March 1, 1998	62,852
Feb. 1, 1980	CP19	20	9.56	March 1, 1999	68,176
Nov. 1, 1980	CP20	20	10.59	March 3, 2000	73,922
Oct. 1, 1981	CP21	20	12.70	March 2, 2001	78,277
April 1, 1981	T193	20	13.66	April 1, 2001	10,665
May 1, 1981	T194	20	13.69	May 1, 2001	12,342
June 1, 1981	T195	20	15.69	June 1, 2001	12,739
July 2, 1981	T196	20	14.81	July 2, 2001	7,989
Aug. 4, 1981	T197	20	15.31	Aug. 4, 2001	7,108
Sept. 1, 1981	T199	20	17.01	Sept. 1, 2001	6,650
Oct. 1, 1981	T202	20	17.00	Oct. 1, 2001	6,694
Nov. 2, 1981	T203	20	17.51	Nov. 2, 2001	7,492
Dec. 1, 1981	T204	20	15.93	Dec. 1, 2001	3,716
Jan. 4, 1982	T205	20	14.51	Jan. 4, 2002	4,470
Feb. 1, 1982	T206	20	15.50	Feb. 1. 2002	4,515
March 2, 1982	T207	20	16.10	March 1, 2002	11,871
					808,207
Other Issues					
Sept. 1, 1961	5S	21	5.25	Sept. 1, 1982	8,000
Nov. 26, 1977	7N	5	8.25	Nov. 26, 1982	1,000
Feb. 15, 1963	5X	20	5.25	Feb. 15, 1983	3,000
July 1, 1961	5R	22	5.50	July 1, 1983	10,300
Dec. 15, 1976	7M	7	9.00	Dec. 15, 1983	30,000
March 1, 1964	6A	20	5.50	March 1,1984	12,500
Dec. 15, 1961	5U	23	5.25	Dec. 15, 1984	10,000
May 1, 1980	7X	5	13.75	May 1, 1985-1990	100,000
May 1, 1965	6D	20	5.25	May 1, 1985	15,000
Carried forward					189,800

Debentures (continued)

Date of Issue	Series	Term	Rate Per Cent	Date of Maturity	Amount
Brought Forward					189,800
Jan. 10, 1978	7R	8	8.625	Jan. 10, 1986	25,000
Dec. 1, 1967	6M	20	7.00	Dec. 1, 1987	6,600
Jan. 28, 1982	8E	6	15.75	Jan. 28, 1988	25,000
Feb. 15, 1963	5Y	25	5.25	Feb. 15, 1988	9,000
June 15, 1968	6P	20	7.50	June 15, 1988	15,000
Oct. 15, 1968	6R	20	7.50	Oct. 15, 1988	15,000
July 15, 1970	6Y	20	9.25	July 15, 1990	15,000
March 1, 1971	7A	20	7.25	March 1, 1991	20,000
Nov. 1, 1966	6F	25	6.25	Nov. 1, 1991	15,000
Dec. 1, 1971	7C	20	7.625	Dec. 1, 1991	15,000
Jan. 2, 1967	6G	25	6.50	Jan. 2, 1992	20,000
Nov. 1, 1980	BN	13	12.125	Dec. 1, 1982-1993	466
March 1, 1964	6B	30	5.50	March 1, 1994	7,500
Dec. 1, 1971	7D	25	7.625	Dec. 1, 1996	10,000
Jan. 1, 1979-1982	7Q	20	5.50	Jan. 1, 1998	14,653
Dec. 21, 1978	7U	20	10.00	Dec. 21, 1998	50,000
Jan. 4, 1980	7W	20	11.25	Jan. 4, 2000	75,000
March 3, 1975	7K	25	9.25	March 3, 2000	35,000
Dec. 29, 1980	7Z	20	13.375	Dec. 29, 2000	85,000
March 15, 1978	7S	25	9.75	March 15, 1984-2003	15,000
March 30, 1979	7V	25	10.50	March 30, 1985-2004	20,000
Sept. 7, 1978	7T	30	9.75	Sept. 7, 1984-2008	20,000
					703,019
Payable in United States Currency (Note B)					
Nov. 1, 1962	5W	20	5.25	Nov. 1, 1982	855
May 15, 1970	6X	15	9.00	May 15, 1985	6,000
June 30, 1981	8B	7	14.50	June 30, 1988	25,000
Mar. 15, 1982	8F	7	15.75	Mar. 15, 1989	75.000
Dec. 1, 1964	6C	25	4.50	Dec. 1, 1989	9,699
July 15, 1980	7Y	10	10.75	July 15, 1990	48,335
Jan. 15, 1966	6E	25	5.125	Jan. 15, 1991	4,590
June 30, 1981	8A	10	15.00	June 30, 1991	75,000
Nov. 15, 1981	8D	10	15.75	Nov. 15, 1991	125,000
Feb. 1, 1967	6H	25	5.875	Feb. 1, 1992	40,000
July 1, 1967	6J	25	6.25	July 1, 1992	35,000
Oct. 15, 1967	6K	25	6.50	Oct. 15, 1992	35,000
Feb. 1, 1968	6N	25	7.00	Feb. 1, 1993	40,000
Aug. 1, 1968	6Q	25	7.25	Aug. 1, 1993	25.000
Nov. 15, 1968	6S	25	7.25	Nov. 15, 1993	35,000
March 1, 1969	6T	25	7.625	March 1, 1994	30,000
May 7, 1979	AN	15	9.85	May & Nov. 11, 1989-May 11, 1994	50,000
Aug. 1, 1969	6U	25	8.625	Aug. 1, 1994	35,000
Nov. 15, 1969	6V	25	9.00	Nov. 15, 1994	35,000
March 15, 1970	6W	25	9.75	March 15, 1995	20,000
Dec. 29, 1977	7P	20	8,875	Dec. 29, 1982-97	55,000
March 1, 1976	7L	25	9.25	March 1, 2001	60,000
					864,479

Date of Issue	Series	Term	Rate Per Cent	Date of Maturity	Amount
Payable in other Currencies (Note C)					
Dec. 1, 1971	7E	15	7.75	Dec. 1, 1986	15,157
July 15, 1972	7F	15	7.50	July 15, 1987	14,604
Oct. 31, 1981	8C	30	16.75	Oct. 31, 2011	65,373
					95,134
					$2,470,839

Notes:
(A) Debentures held by the Canada Pension Plan Investment Fund are payable 20 years after their respective dates of issue, are not negotiable and not transferable or assignable but are redeemable in whole or in part before maturity at the option of the Minister of Finance of Canada, on six months' prior notice, when he deems it necessary in order to meet the requirements of the Canada Pension Plan. Amounts are borrowed monthly and consolidated into one debenture annually.

(B) Debentures payable in U.S. currency are reflected at the rate of U.S. $1 equals Canadian $1.

(C) Canadian dollar equivalent at the rate of exchange in effect at date of issue of:

7E — Deutsche Marks	50,000,000
7F — French Francs	70,000,000
8C — £ Sterling	30,000,000

Notes to the Financial Statements

March 31, 1982

1. Accounting Policies

(A) General

The basic accounting policies followed by the Province are summarized below.

The receipt of public revenues, the disbursement of public funds, the control of expenditures and the keeping and auditing of the accounts of the Province are governed by various Provincial statutes. All receipts and disbursements of public money must flow through the Consolidated Fund of the Province, which Fund does not include special funds such as trust, pension and sinking funds. Such receipts and disbursements consist of current revenue and expenditure, capital expenditures and recoveries, advances and investments and other transactions, such as expenditures from reserve accounts and for debt retirement. Any net cash requirement of the Consolidated Fund is provided by the Province's traditional sources of financing, including internal sources and borrowings in financial markets.

The budgetary estimates as approved by the Legislative Assembly provide the authority for current and capital expenditures and indicate the anticipated revenues and recoveries of the Province for the fiscal year. Authority for current expenditure expires at the end of the fiscal year. Authority for capital expenditures provided for a fiscal year does not expire until the end of the following fiscal year.

Authority for current and capital expenditures is also provided by special legislation and by order of the Lieutenant Governor in Council under the authority of the Provincial Finance Act. Advances and investments, including those to or on behalf of corporations and agencies owned or controlled by the Province, are generally made under the authority and limitations of various Provincial statutes.

The accounts of the Province are kept on the accrual basis, revenues being recorded when earned and expenditures being recorded when the liabilities are incurred. Interest on advances made by the Province is, however, included in revenue only as collected. Payments from the Federal Government under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act and the Tax Collection Agreement are subject to adjustment in future years.

Profits and losses of corporations and agencies owned or controlled by the Province, with the exception of the Nova Scotia Liquor Commission, are not reflected in the revenues and expenditures of the Province except to the extent of any operating grants made by the Province. Operating grants are normally reflected as current expenditure. Profits of the Nova Scotia Liquor Commission are included in current revenue of the Province. The Province provides for the deficiency in the net assets of Sydney Steel Corporation in the calculation of net direct debt through adjustment to accumulated surplus account.

The Province's financial statements are presented so as to highlight the net direct debt, a measurement of financial position. Net direct debt consists of the direct liabilities of the Province less its assets, excluding capital expenditures and unamortized discounts on outstanding debentures.

(B) Net Revenue Surplus (Deficit), Special Reserve and Health Services Reserve Accounts

The annual net revenue surplus (deficit) consists of current account revenues and recoveries, excluding sinking fund earnings, less charges against current account appropriations, including annual sinking fund instalments and serial retirements in respect of capital liabilities.

Under the Provincial Finance Act, the net revenue surplus in any year may be transferred to special reserve account. The Health Services Tax Act provides that the Minister of Finance may pay out of the Consolidated Fund of the Province such sums as are deemed necessary to establish the health services reserve account. Amounts in these accounts may be used for the various purposes defined under the Acts.

The balance of net revenue surplus (deficit) before charging sinking fund instalments and serial retirements is transferred to surplus at the close of each fiscal year. Losses and provisions for losses on capital advances and investments are charged to surplus account.

(C) Capital Expenditures

Expenditures incurred under the authority of capital account appropriations are charged to capital in the Province's accounts and are included in accumulated capital expenditures in the Province's statement of assets and liabilities. Capital expenditures include certain expenditures on assets of a long-term nature to which title may vest with entities other than the Provincial Government (such as hospitals or municipalities), but which are considered to be for the benefit of the general populace of the Province. Capital expenditures are not considered to be realizable assets for purposes of calculating net direct debt.

(D) Debentures and Sinking Funds

The portions of the Province's debentures payable in U.S. currency and related sinking funds are carried in the statement of assets and liabilities at the rate of U.S. $1 equals Canadian $1. Debentures payable in other foreign currencies are carried in the statement of assets and liabilities at the Canadian dollar equivalent at rates of exchange in effect at the time of issue. Exchange premiums on the conversion of the proceeds of debentures payable in U.S. currency are carried as a reserve (exchange premium on debentures payable in foreign currencies) in the Province's statement of assets and liabilities. Foreign exchange adjustments arising on payment of sinking fund instalments and serial retirements in foreign currencies (relating to foreign debenture issues) are also reflected in this account. Exchange related to interest payments is reflected in current expenditure as incurred.

The Province operates sinking funds for the purpose of retiring capital liabilities. These sinking funds are reflected in the statement of assets and liabilities at cost adjusted for the amortization of premiums and discounts on investments. Pursuant to the Provincial Finance Act, sinking fund instalments and serial retirements of capital liabilities are treated as a current expenditure in the calculation of net revenue surplus (deficit).

Earnings on sinking funds are credited to sinking fund reserves and are not reflected as current account revenue. Sinking fund reserves are transferred to surplus account as sinking funds are used to retire capital liabilities.

(E) Discounts on Debentures

Discounts on debentures and related underwriting commissions are amortized over the terms of the debenture issues by annual charges to current expenditure.

1. Accounting Policies (cont'd.)

(F) Machinery Replacement Reserve

The machinery replacement reserve consists of charges to current and capital expenditures in respect of depreciation on equipment of the Department of Transportation. Accumulated depreciation is transferred from this account on disposal of the related equipment.

2. Special Reserve and Health Services Reserve Accounts

Pursuant to authority granted by the Governor in Council, expenditures may be made from funds created from special reserve account and health services reserve account rather than being reflected in the calculation of net revenue surplus or as capital account expenditures. Expenditures from these accounts for the fiscal year ended March 31, 1982 amounted to $16,228,923 (1981 — $12,192,904).

3. Assistance to Nova Scotia Power Corporation (NSPC)

During the fiscal year ended March 31, 1982, the Province made payments to NSPC totalling $26,501,389 (of which $11,500,000 was charged to a fund created from special reserve account), including payments under Rural Electrification and Foreign Exchange Agreements of $4,500,000 and $5,685,389 respectively. Pursuant to these Agreements, the Province is making annual grants of $4,500,000 for rural electrification assistance and is absorbing debt servicing costs in respect of NSPC's foreign debt at March 31, 1980 in excess of an assumed equivalent cost of borrowing in Canadian funds at the time of issue.

The Province has provided $52,000,000 in the budgetary estimates for the fiscal year ending March 31, 1983 for additional assistance to NSPC, including payments under the Rural Electrification and Foreign Exchange Agreements.

4. Deuterium of Canada Limited (Deuterium)

On February 9, 1978 an agreement was signed for the sale of the facilities of Deuterium and its subsidiaries to Atomic Energy of Canada Limited (AECL), the Federal Government corporation responsible for Canada's nuclear program. The purchase price is being paid in quarterly instalments over 20 years commencing April 1, 1978 amounting to $3,300,000 per annum. Title to the facilities will pass upon payment of the final instalment.

The instalments are being paid by AECL to a trustee, which is obligated to invest the funds and the earnings thereon in debentures of the Province yielding 5.5% to maturity. These investments amounted to $14,652,632 at March 31, 1982. At the date of the final payment, January 1, 1998, the fund will total $118.9 million and will be used to repay the Province's advances to and investment in Deuterium.

At March 31, 1982 advances to and investment in Deuterium amounted to $110,927,009 and $3,025,001, respectively. Since March 31, 1970 the Province has waived interest on its advances to Deuterium.

5. Sydney Steel Corporation (Sysco)

At March 31, 1982 the Province had given guarantees in respect of Sysco, as follows:

Guarantees of	
— Short term loans (of a $205,000,000 guaranteed line of credit)	$184,343,000
— U.S. $32,175,000 of debentures	30,711,000(1)
— Performance bonds and letters of credit (of a $5,000,000 guaranteed line of credit)	3,037,458
	$218,091,458

(1) Canadian dollar equivalent at time of issue, net of sinking funds.

To March 31, 1982 the Province had reflected $101,336,959 in its accounts as a charge to its accumulated surplus in respect of the deficiency in Sysco's net assets. During the fiscal year ended March 31, 1982, the Province recorded a net credit of $51,100,268 to its accumulated surplus in respect of the change in Sysco's net assets during the year as follows:

— Conversion of Province's advances to Sysco to equity	$52,331,608(2)
— Equity contributions by Province to Sysco for debt retirement ($47,428,723) and capital construction ($4,875,097)	52,303,820(3)
	104,635,428
— Less: Net loss of Sysco for the year after adjusting for transfer of $1,643,416 from appraisal surplus in respect of depreciation charges	53,535,160
	$51,100,268

(2) Order-in-Council 81-930 dated the 2nd day of June 1981 authorized the conversion of the Province's advances to Sysco to equity. The investment was fully reserved during the fiscal year ended March 31, 1982 by a charge to the Province's accumulated surplus.

(3) Charged to accumulated capital expenditures except for $2,574,279 charged to current expenditure.

In addition to the equity contributions referred to above, to March 31, 1982 the Province had made cumulative grants to Sysco totalling $149,603,000, of which $121,603,000 was charged to current expenditure and $28,000,000 to a fund created from special reserve account. Grants of $11,575,000 were made in the fiscal year ended March 31, 1982. No grants were made in the fiscal year ended March 31, 1981.

The Province and the Government of Canada have signed an agreement to contribute to a Sysco capital construction program estimated to cost $96,200,000, including capital, administrative and environmental costs. The Federal Government will provide eighty percent of the costs to a maximum of $77,000,000 with the balance to be provided by the Province.

5. Sydney Steel Corporation (Sysco) (cont'd.)

The ability of Sysco to continue as a viable operation is dependent on the continued financial support of the Province and on an improved level of operating results. It is not possible to determine at present the extent of any losses that may be incurred by the Province on its equity contributions to Sysco and on its guarantees of Sysco's indebtedness.

6. Debentures and Sinking Funds

Debentures payable in U.S. dollars and related sinking funds are reflected in the statement of assets and liabilities at the rate of U.S. $1 equals Canadian $1. Debentures payable in other foreign currencies are reflected at the Canadian dollar equivalent at rates of exchange in effect at time of issue (see Note 1 (D)).

Debentures outstanding and related sinking funds at March 31, 1982 were as follows:

	Debentures Outstanding	Specific Sinking Funds	Net
Payable in Canadian currency			
— Canada Pension Plan Investment Fund	$ 808,207,000	$127,888,553	$ 680,318,447
— Other Issues	703,018,884	158,369,631	544,649,253
	1,511,225,884	286,258,184	1,224,967,700
Payable in U.S. currency	864,479,000	179,756,310	684,722,690
Payable in other currencies	95,134,250	12,911,785	82,222,465
	$2,470,839,134	$478,926,279	$1,991,912,855

In addition, at March 31, 1982 the Province had general sinking funds amounting to $10,423,017.

The Canadian dollar equivalents of the principal portions of debentures payable in U.S. currency and other currencies at rates of exchange in effect at March 31, 1982 were $1,060,802,000 and $104,819,000 respectively.

Sinking funds consist primarily of Province of Nova Scotia debentures. Sinking funds for debentures payable in U.S. currency are invested in, and carried in the statement of assets and liabilities in, U.S. funds. Where feasible, sinking funds for debentures payable in other currencies are invested in the currency of the issue, with the balance invested in Canadian funds.

Foreign exchange adjustments arising on payment of sinking fund instalments and serial retirements in foreign currencies (relating to foreign debenture issues) are reflected in the exchange premium on debentures payable in foreign currencies account in the Province's statement of assets and liabilities and amounted to charges of $4,930,304 in 1982 and $5,546,073 in 1981. Foreign exchange credits on the conversion of U.S. borrowings are also reflected in this account and amounted to $58,163,398 in 1982 and $7,488,376 in 1981.

Sinking fund instalments and serial retirements and other amounts charged to current revenue during the fiscal year ended March 31, 1982 amounted to $40,515,768 of which $26,456,368 represented required payments for the fiscal year.

7. Government of Canada Loans

Government of Canada loans include funds provided in respect of municipal projects under programs of the Federal Department of Regional Economic Expansion. The Province in turn advances these funds to municipalities under similar terms and conditions. These advances amounted to $26,833,145 at March 31, 1982 (1981—$28,246,994).

8. Contingent Liabilities

At March 31, 1982 the Province had directly guaranteed bank loans, bonds, debentures, etc. totalling $1,303,996,592. The following items are in addition to these direct guarantees.

The Province is contingently liable, pursuant to an agreement between the Government of Canada and the Province entered into under the Atlantic Provinces Power Development Act, for the repayment by the Nova Scotia Power Corporation of long-term notes payable to the Government of Canada amounting to $52,066,859 at March 31, 1982.

On March 26, 1973 the Province entered into an agreement with the Congregation of the Sisters of Charity of Halifax whereby the Province acquired control of the Halifax Infirmary, and agreed that first mortgage notes payable by the Halifax Infirmary which have been guaranteed by the Sisters and amounted to $517,500 at March 31, 1982, will be paid to the exoneration of the Sisters.

At March 31, 1982, the Province had guaranteed performance bonds and letters of credit totaling $10,408,767, including $3,037,458 of the $5,000,000 guaranteed line of credit for Sydney Steel Corporation.

9. Commitments

The Province was obligated to the extent of approximately $66,300,000 for construction contracts entered into on or before March 31, 1982 and not completed at that date.

10. Public Service Superannuation Plan

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a plan established under the Public Service Superannuation Act. The operation of the plan is generally conducted within the Public Service Superannuation Fund to which employee and employer matching contributions and investment income are credited and payments to pensioners and terminating employees are charged. The Public Service Superannuation Fund is invested in federal, provincial, municipal and corporate securities and mortgages eligible for investment under the Provincial Finance Act.

The Public Service Superannuation Fund is not part of the Consolidated Fund of the Province. However, Provincial legislation and regulations provide that certain payments to pensioners are charged to the Consolidated Fund of the Province rather than to the Public Service Superannuation Fund. In addition, payments must be made by the Province out of its Consolidated Fund if the Public Service Superannuation Fund is insufficient to provide for pension payments as they become due.

The latest actuarial valuation of the Public Service Superannuation Fund was based on information as at June 30, 1981. The report indicates fund liabilities at June 30, 1981 totaling $466,400,000, of which $301,200,000 was represented by the actuarial value of the fund assets and $165,200,000 was unfunded.

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